



PREFERRED RISK POLICY EXTENSION – A LOW-COST OPTION

To help reduce the financial burden placed on property owners whose buildings are newly mapped into a high-risk flood area, the National Flood Insurance Program (NFIP) offers the Preferred Risk Policy (PRP) Eligibility Extension, a cost-saving option for flood insurance coverage.

FLOOD MAPS CHANGE – FLOOD RISKS CHANGE

Since 2003, FEMA has led a major effort to update the nation’s flood maps to reflect current flood risks. FEMA is continuing to provide new maps through a program known as Risk MAP (Risk Mapping, Assessment & Planning). The new maps are digital, easily accessible, and represent the most accurate flood risk data available.

As new maps have been issued, many property owners have learned that their risk of flooding has changed. And for some, the change has meant new flood insurance requirements. If a building in a moderate- to low-risk flood zone is mapped into a high-risk Special Flood Hazard Area (SFHA), most lenders will require flood insurance.

Before January 2011, a property owner could buy a lower-cost Preferred Risk Policy (PRP) before the new flood maps became effective, but the policy converted to a more expensive standard-rated policy at subsequent renewals. On January 1, 2011, recognizing the financial burden this placed on affected property owners, FEMA extended PRP eligibility, allowing the lower-cost PRP to be written for two years after a revised flood map’s effective date.

Beginning January 1, 2013, FEMA continues to make the PRP available for properties that were newly mapped into an SFHA since October 1, 2008, even after the two-year extension ends. The PRP option will continue until FEMA completes its analysis and implementation of premium rate revisions put

in place by the Biggert-Waters Flood Insurance Reform Act of 2012.

ELIGIBILITY FOR THE PRP EXTENSION

To be eligible for the PRP, the building must meet certain loss-history requirements. If there have been two disaster relief payments, or claims for flood losses of \$1,000 or more, or three losses of any amount, the structure is ineligible for a Preferred Risk Policy.

Owners of buildings that meet the loss history requirements and were newly mapped into a high-risk flood zone (shown on a flood map as a zone beginning with the letter “A” or “V”) since October 1, 2008, are eligible for a PRP. Property owners should contact their insurance agent to obtain or renew their insurance using this low-cost option.

Insurance agents will be required to provide documentation to their insurance company showing that the building is eligible for the PRP extension, including the current and prior map information. Both historic and current flood maps can be found on FEMA’s mapping website (<http://msc.fema.gov>). The community’s floodplain manager also should have the maps on file.

STAY PROTECTED AND SAVE

While this new rating option provides temporary financial relief, property owners need to understand that they still are at a high risk for flooding. This extension provides them additional time to save and prepare for paying for the full risk premium when it is implemented. The extension also provides more time for the community to upgrade or mitigate flood control structures to meet FEMA standards and reduce the flood risk.

For additional information about flood insurance and the PRP Extension, contact your insurance agent or visit www.FloodSmart.gov and www.FloodSmart.gov/PRPExtension.